BONAPARTE RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED FEBRUARY 29, 2012

BONAPARTE RESOURCES INC.

NOTICE OF AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's Management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements.

BONAPARTE RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	February 29, 2012	August 31, 2011	September 1, 2010
	$	$ (Note 10)	$ (Note 10)
ASSETS			
CURRENT ASSETS			
Cash and equivalents	121,554	136,741	466,746
HST recoverable	81,730	64,782	29,765
Prepaid expenses	7,095	2,798	2,699
	210,379	204,321	499,210
Advances to contractor for exploration	4,962	769,858	78,025
Deferred financing costs	28,500	28,500	-
Mineral properties (Note 5)	1,573,483	558,837	401,850
	1,817,324	1,561,516	979,085
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	9,646	22,612	23,579
Note payable to related party (Note 6)	66,891	-	51,729
Due to related parties (Note 6)	60,800	21,920	-
	137,337	44,532	75,308
SHAREHOLDERS' EQUITY			
SHARE CAPITAL (Note 7)	2,421,604	2,205,454	1,080,534
CONTRIBUTED SURPLUS	214,034	209,225	91,171
DEFICIT	(955,651)	(897,695)	(267,928)
	1,679,987	1,516,984	903,777
	1,817,324	1,561,516	979,085

COMMITMENT (Note 11)
SUBSEQUENT EVENT (Note 12)

APPROVED BY THE DIRECTORS:

"ROBERT JAMIESON" Director

"T. RANDALL SAUNDERS" Director

The attached notes are an integral part of the financial statements

BONAPARTE RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

THREE AND SIX MONTH PERIODS ENDED FEBRUARY 29, 2012 AND 2011

	Quarter Ended February 29		Six Months Ended February 29	
	2012	2011	2012	2011
	$	$	$	$
ADMINISTRATION EXPENSES				
Accounting and legal	292	570	5,824	2,054
Bank charges and interest	29	56	56	82
Consulting	3,000	-	3,000	-
Interest on long term debt	972	306	1,891	1,072
Listing and filing	2,219	3,512	3,198	5,536
Management fees	18,000	12,000	36,000	12,000
Office expenses	2,738	2,966	3,143	3,396
Stock based compensation	-	124,354	4,809	124,354
Transfer agency	1,319	1,866	2,257	3,163
LOSS BEFORE OTHER INCOME	28,569	145,630	60,178	151,657
OTHER EXPENSE (INCOME)				
Mineral property writen off in period	-	405,236	-	405,236
Interest income	(360)	(1,294)	(2,222)	(1,439)
	(360)	403,942	(2,222)	403,797
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	28,209	549,572	57,956	555,454
DEFICIT AT BEGINNING OF PERIOD	927,442	273,810	897,695	267,928
DEFICIT AT END OF PERIOD	955,651	823,382	955,651	823,382
BASIC AND DILUTED LOSS PER COMMON SHARE	$ 0.00	$ 0.05	$ 0.02	$ 0.05
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			11,768,987	10,668,987

The attached notes are an integral part of the financial statements

BONAPARTE RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

THREE AND SIX MONTH PERIODS ENDED FEBRUARY 29, 2012 AND 2011

	Shares	Amount $	Contributed Surplus $	Deficit $	Total Equity $
Issued					
Balance at September 1, 2010	7,582,413	1,080,534	91,171	(267,928)	903,777
Loss - six months	-	-	-	(555,454)	(555,454)
Exercise of options	86,574	22,888	(9,902)	-	12,986
Stock based compensation	-	-	124,354	-	124,354
Flow-through shares issued	3,000,000	1,200,000	-	-	1,200,000
Share issue costs	-	(97,968)	-	-	(97,968)
Balance at February 28, 2011	10,668,987	2,205,454	205,623	(823,382)	1,587,695
Stock based compensation	-	-	3,602	-	3,602
Loss - six months	-	-	-	(74,313)	(74,313)
Balance - August 31, 2011	10,668,987	2,205,454	209,225	(897,695)	1,516,984
Stock based compensation	-	-	4,809	-	4,809
Shares issued for cash	1,100,000	220,000	-	-	220,000
Share issue costs	-	(3,850)	-	-	(3,850)
Loss - six months	-	-	-	(57,956)	(57,956)
Balance - February 29, 2012	11,768,987	2,421,604	214,034	(955,651)	1,679,987

The attached notes are an integral part of the financial statements

BONAPARTE RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

THREE AND SIX MONTH PERIODS ENDED FEBRUARY 29, 2012 AND 2011

	Quarter Ended February 29,		Six Months Ended February 29,	
	2012	2011	2012	2011
	$	$	$	$
OPERATING ACTIVITIES				
Net loss for the period	(28,209)	(549,572)	(57,956)	(555,454)
Items not involving cash				
Mineral property written off in period	-	405,236	-	405,236
Stock based compensation	-	124,354	4,809	124,354
	(28,209)	(19,982)	(53,147)	(25,864)
HST recoverable	35,071	16,885	(16,948)	17,222
Prepaid expenses	(6,396)	(6,321)	(4,297)	(4,327)
Accounts payable and accrued liabilities	(8,597)	18,900	(12,966)	1,245
Payable to related parties	19,440	(44,415)	38,880	(43,649)
	11,309	(34,933)	(48,478)	(55,373)
INVESTING ACTIVITIES				
Mineral properties and exploration costs	(469,809)	(28,291)	(1,014,646)	(30,233)
Advances to exploration contractor	325,383	27,386	764,896	29,486
	(144,426)	(905)	(249,750)	(747)
FINANCING ACTIVITIES				
Note payable to related party	972	-	66,891	-
Shares issued for cash - net	216,150	1,124,920	216,150	1,124,920
Contributed surplus	-	(9,902)	-	(9,902)
	217,122	1,115,018	283,041	1,115,018
CHANGE IN CASH	84,005	1,079,180	(15,187)	1,058,898
CASH - BEGINNING OF PERIOD	37,549	446,464	136,741	466,746
CASH - END OF PERIOD	121,554	1,525,644	121,554	1,525,644

Supplemental Information:

Interest Paid	972	306	919	766
Income Taxes Paid	-	-	-	-

The attached notes are an integral part of the financial statements

1. NATURE OF BUSINESS AND CONTINUED OPERATIONS

During 2010, pursuant to shareholder approval, the Company changed its name to Bonaparte Resources Inc. The Company is primarily engaged in the acquisition and exploration of mineral properties and is considered to be in the exploration stage. No revenues have been earned to date from its operations. The Company has not yet determined whether its mineral properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. The Company has accumulated losses of $ 955,651 to February 29, 2012.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

The Company prepares its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim financial statements. In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. These condensed interim financial statements do not include all of the information required for full annual financial statements. The Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at September 1, 2010 and throughout the period presented, as if these policies had always had been in effect. Note 10 discloses the impact of the transition to IFRS on the Company's reported financial position including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended August 31, 2011.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS - continued

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as at April 13, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2012 could result in restatement of these condensed interim financial statements, including any transitional adjustments recognized on change-over to IFRS. The condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended August 31, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENT AND ESTIMATION UNCERTAINTY

Significant Accounting Policies

These condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements for the year ended August 31, 2011 except for those changes recognized on change-over to IFRS, as described in Note 10.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and further periods if the review affects both current and future periods.

There are no judgements made by management in the application of IFRS that have a significant effect on the financial statements and no estimates were made by management with a significant risk of material adjustment in the next year.

(Expressed in Canadian Dollars)

4. FUTURE CHANGES IN ACCOUNTING STANDARDS

Accounting Standards Issued and Effective

IFRS 7 - Financial Instruments: Disclosures - In October, 2010 the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective to annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company has adopted this amendment and it is expected to have no significant impact on the condensed interim financial statements.

Standards Issued But Not Yet Adopted

For the purposes of preparing and presenting the Company's condensed interim financial statements, the Company has adopted all standards and interpretations issued other than those discussed in this note. These standards have not been adopted because they are not effective until subsequent to August 31, 2012. Standards and interpretations issued, but not adopted include:

	Effective
Amendment to IAS 12, Income Taxes	January 1, 2012
IFRS 9 - Financial Instruments	January 1, 2013
IFRS 10 - Consolidated Financial Statements	January 1, 2013
IFRS 11 - Joint Arrangements	January 1, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 - Fair Value Measurement	January 1, 2013
IAS 27 - Separate Financial Statements	January 1, 2013
IAS 28 - Investments in Associates and Joint Ventures	January 1, 2013

The Company believes that, with the exception fo IFRS 9, Financial Instruments, the adoption of these revised standards will have no material impact on the financial statements of the Company. For standards that become effective after January 1, 2013, the Company has not yet begun the process of assessing the impact that the new and amended standards will have on its condensed interim financial statements.

IFRS 9, Financial Instruments, proposes to replace IAS 39 Financial Instruments; Recognition and Measurement. The replacement standard has three main phases, the first of which provides new guidance for the classification and measurement of financial assets and liabilities. The second part, which is currently an exposure draft, provides guidance for amortized cost and methodology for financial assets. The third part, which is also currently an exposure draft proposes a revised general hedge accounting model. The Company will evaluate the impact of the change to its financial statements based upon the characteristics of the financial instruments anticipated to be outstanding at the time of adoption.

5. MINERAL PROPERTIES

(a) HOPPER PROPERTY

The Company entered into an Option Agreement ("the Option") with Strategic Metals Inc., ("Strategic") whereby the Company acquired the option to acquire up to a 100% interest in 192 claims, comprising approximately 4,000 hectares located in the Whitehorse Mining District, Yukon Territory, known as the Hopper Property. The Hopper Property is located southwest of Whitehorse and is accessible from the Alaska Highway along the access to the Aishihik hydroelectric facility. The Company can earn its 100% interest as part of a three (3) phase programme as follows:

<u>Phase 1</u> - the Company will earn a 50% interest in the Hopper Property by: paying $50,000 within 10 days of the acceptance of the Option by the TSX - Venture Exchange and by paying $150,000, $300,000 and $500,000 on or before December 31, 2011, 2012 and 2013. In addition, the Company will be required to incur exploration expenditures of $700,000, $1,300,000 and $2,000,000 on or before December 31, 2011, 2012 and 2013 respectively;

<u>Phase 2</u> - the Company will earn a further 30% (80% total) interest in the Hopper Property by paying Strategic $1,000,000 each on or before December 31, 2014 and 2015 and by incurring further exploration expenditures of $3,000,000 and $7,000,000 on or before December 21, 2014 and 2015 respectively: and,

<u>Phase 3</u> - Upon completion of Phase 2, the Company shall have the option to acquire the remaining 20% of the Hopper Property by paying $5,000,000 to Strategic on or before March 31, 2016. Strategic retains the right, but not the obligation, to accept all or part of the final payment in shares of the Company and Strategic shall retain a 2% net smelter returns royalty.

(b) HOOCH PROPERTY

During the year, the Company has entered into an agreement with Strategic Metals Ltd. ("Strategic") to acquire an option to earn a 50% interest in 12 mineral claims located in the Whitehorse Mining District, Yukon Territory, know as the "Hooch" claims for the following consideration:

i) paying $5,000 on the execution of the agreement (paid) and $15,0000, $30,000 and $50,000 on or before December 31, 2011, 2012 and 2013 respectively;
ii) incurring exploration expenditures totaling $30,000, $70,000 and $100,000 on or before December 31, 2011, 2012 and 2013 respectively.

On completion of the first option the Company has the option to earn a further 50% (100% total) interest in the Hooch claims for the payment of a further $875,000 in the increments of $125,000 on or before January 31, 2014 and $250,000 and $500,000 on or before December 31, 2014 and 2015 respectively. In addition, the Company will be required to make further exploration expenditures in the amounts of $500,000 and $600,000 on or before December 31, 2014 and 2015 respectively. Strategic will retain a 2% Net Smelter Returns Royalty.

(Expressed in Canadian Dollars)

5. MINERAL PROPERTIES - Continued

	2012			2011
	Hopper	Hooch	Total	(Rosy)
	$	$	$	$
Acquisition and holding				
Cash payments	150,000	15,000	165,000	-
Shares issued	-	-	-	-
Regulatory payments	-	-	-	-
	150,000	15,000	165,000	-
Deferred exploration costs				
Assays and testing	33,401	3,363	36,764	313
Camp costs	16,717	1,128	17,845	150
Consulting and engineering	75,343	25,806	101,149	1,275
Contract labour	86,027	3,159	89,186	-
Drilling and site preparation	159,930	-	159,930	-
Equipment rental	40,930	2,102	43,032	-
Fuel	(478)	-	(478)	(671)
Geological and Geophysical	200,900	188,193	389,093	-
Legal and regulatory	8,043	2,316	10,359	-
Miscellaneous	965	151	1,116	32
Office and overhead	125	12	137	2,287
Reports, drafting and maps	189	-	189	-
Travel and accomodation	1,324	-	1,324	-
	623,416	226,230	849,646	3,386
Expended in period	773,416	241,230	1,014,646	3,386
Balance- beginning of period	552,837	6,000	558,837	401,850
Total Expenditures	1,326,253	247,230	1,573,483	405,236
Mineral property written off in period	-	-	-	(405,236)
Balance - end of period	1,326,253	247,230	1,573,483	-

(Expressed in Canadian Dollars)

6. RELATED PARTIES

The Company is indebted to its Chief Executive Officer in the amount of $111,694 (August 31 2011 - Nil). During the period the Company was loaned $65,000 by the CEO. The loan is secured by a promissory note, with interest at the bank prime plus 3 percent, and is due and payable September 6, 2012, its one year anniversary date. The Company is also indebted to its Chief Financial Officer for management fees in the amount of $16,000. Subsequent to the period end the Company repaid the loan and the accrued interest - See Subsequent Events.

The Company incurred the following amounts to related parties during the respective periods.

	Six Months Ended February 29	
	2012	2011
	$	$
Management fees	18,000	12,000
Interest on promissory note	1,891	1,072
	19,891	13,072

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Escrowed Shares

Pursuant to an escrow agreement dated August 27, 2007, the 3,733,339 shares then issued and outstanding were to be held in escrow and are to be released on a staged basis, with 10% to be released on the issuance of a final exchange bulletin by the TSX - V and 15% to be released every six months thereafter for a period of 36 months. Upon approval of the Qualifying Transaction and the issue of the exchange bulletin, 10% or 373,331 shares were released from escrow in February, 2010 and a further 15% or 560,000 shares were released in August, 2010, February and August, 2011 and February , 2012. As at August 31 and February 29, 2012 a total of 1,120,008 shares (2011 - 2,240,008) remained in escrow.

(b) Stock Options

The Company grants incentive stock options as permitted to the Company's Stock Option plan ("the Plan") approved by the shareholders of the Company. The Plan has been structured to comply with the rules of the TSX-V. The aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of five years. If the optionee ceases to be qualified to receive options from the Company those options expire immediately. Options generally have varying expiry terms of up to five years and vesting periods determined at the discretion of the directors.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS - Continued

On June 22, 2010 the Company granted 50,000 stock options to a director of the Company that vested upon grant and exercisable at $0.45 per share on or before June 22, 2015.

In February, 2011, the Company granted a further 315,000 options exercisable at a price of $0.45 per share until February 8, 2016. Of the 315,000 granted, 78,750 vested immediately, 78,750 vested on May 8, August 8, and November 8, 2011 respectively. In July, 2011 the Company's CEO and CFO relinquished a total of 80,000 options that had been granted in February, 2011.

The Company granted a further 150,000 options to consultants at a price of $0.30 exercisable until July 30, 2012. The options vest over a period of one year with 37,500 options vesting on October 20, 2011 and January 20, April 20 and July 20, 2012 respectively.

During the period, the Company recognized stock based compensation in the amount of $4,809 calculated using the Black Scholes model for options that vested in the period.

	Number of Options	Weighted Average Exercise Price
		$
Balance - August 31,2010	673,334	0.17
Exercised	(86,574)	0.15
Granted	465,000	0.40
Cancelled	(80,000)	0.45
Balance - August 31 and February 29, 2012	971,760	0.26

The following stock options are outstanding as at February 29, 2012

		Options Outstanding		Options Exercisable	
Exercise Price	Weighted Average Remaining Life	Number of shares	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
0.15	0.71	536,760	0.15	536,760	0.15
0.45	3.56	50,000	0.45	50,000	0.45
0.40	4.19	235,000	0.40	235,000	0.40
0.30	0.67	150,000	0.30	75,000	0.30
	2.28	971,760	0.26	896,760	0.24

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS - Continued

Share Purchase Warrants

On December 30, 2010 the Company issued 3,000,000 flow-through units consisting of one flow-through share and 1/2 share purchase warrant exercisable until December 30, 2011. The Units were priced at $0.40 per share. No fair value was assigned to the warrants upon issuance as they had no intrinsic value at the time of issuance. These warrants expired unexercised on December 30, 2011.

8. CAPITAL MANAGEMENT

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. The Company seeks to manage its capital to provide adequate funding for its operations while minimizing dilution for its existing shareholders. The Company's principal source of funds is advances from related parties. Management considers its shareholders' deficit, note payable and payable to related parties as capital (capital deficiency), which consists of the following:

	February 29, 2012	August 31, 2011	September 1, 2010
	$	$	$
Due to related parites	60,800	21,920	-
Note payable to related party	66,891	-	51,729
Shareholders' deficit	(955,651)	(567,575)	(267,918)
	(827,960)	(545,655)	(216,189)

9. FINANCIAL INSTRUMENTS AND RISK

All financial assets are initially recorded at fair value and classified into one of four catagories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss (FVTPL). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, marketable securities and accounts payable. At initial recognition management has classified financial assets and liabilities as follows:

Financial assets - the Company has recognized its cash and cash equivalents and marketable securities at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

Financial liabilities - the Company has recognized its accounts payable as financial liabilities. Accounts payable are recognized at the amount required less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with high credit quality financial institutions.

Liquidity Risk - The Company ensures its holding of cash and cash equivalents is sufficient to meet its short-term obligations and general and administrative expenditures. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk - The Company does not have any foreign exchange currency denominated financial instruments and is not exposed to foreign exchange risk.

Interest Rate Risk - The Company manages its interest rate risk by obtaining the best available commercial deposit interest rates by major Canadian financial institutions.

Market Risk - market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The Company is not exposed to market risk at present.

10. TRANSITION TO INTERNATIONAL REPORTING STANDARDS

As stated in Notes 1 and 2, these are the Company's second condensed interim financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied in preparing the condensed interim financial statements for the six months ended February 29, 2012, the comparative information for the six months ended February 28, 2011, the statement of financial position for August 31, 2011 and the opening statement of financial position on September 1, 2010 the "Transition Date."

An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following summary.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS. The Company has elected to apply the following optional exceptions.

Estimates - In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error. The Company's IFRS estimates as of September 1, 2010 are consistent with its Canadian GAAP estimates for the same date. The Company's Canadian GAAP statements of operations, comprehensive loss and deficit, statement of financial position and statement of cash flows for the six months ended February 28, 2011 and the year ended August 31, 2011 have been reconciled to IFRS, with no resulting differences.

Accounts payable, accrued liabilites and provisions - provisions, in accordance with IFRS, are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. The Company's Canadian GAAP statement of operations, comprehensive loss and deficit, statement of financial position and statement of cash flows for the six months ended February 28, 2011 and the year ended August 31, 2011 have been reconciled to IFRS.

Impairment - If an indication of impairment is identified, the asset's carrying value is compared to the assets discounted cash flows under IFRS. If the discounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value. The Company conducted an impairment review of its assets at September 1, 2010, August 31, 2011 and February 29, 2012 and concluded that the assets were not impaired in accordance with IFRS.

Presentation - the presentation of the cash flow statement in accordance with IFRS differs from the presentation of the cash flow statement in accordance with Canadian GAAP. The transition from previous GAAP has had no effect upon the reported cash flows generated by the Company. The reconciling items between the previous GAAP presentation and the IFRS presentation have no net impact on the cash flows generated.

The Company has elected to apply the following optional exemptions:

Share Based Payment Transactions

IFRS 1 allows that full retrospective application may be avoided for certain share-based instruments depending on the grant date, vesting terms and settlement of any real liabilities. A first-time adopter can elect not to apply IFRS 2 to share-based payments granted after November 7, 2002. The Company has elected this exemption and will apply IFRS 2 to stock-based payments as at September 1, 2010, the transition date.

The Company has also adopted the accounting policy for the treatment of expired vested stock options. Under IFRS, the amount recorded for expired unexercised vested stock options will be transferred to deficit on the date of expiry.

There is no impact on the financial statements due to these elections.

Business Combinations

IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 Business Combinations (IFRS 3) retrospectively to business combinations prior to the date of transition thereby avoiding the requirement to restate prior business combinations. The Company has elected to apply IFRS 3 to business combinations that occur on or after September 1, 2010. There is no impact on the financial statements due to this election.

Fair Value as Deemed Cost

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an asset at the opening balance sheet. The Company has elected to use historical cost for its assets. There is no impact on the financial statements due to this election.

Flow-through Shares

Under Canadian GAAP, when flow-through shares are issued, they are initially recorded in share capital at their issue price less the deferred tax liability related to the renounced expenditures. Under IFRS, flow-through shares are recognized based on the quoted price of existing shares on the date the Company and the investors agree to the transaction. The difference ("premium:) between the amount recognized in common shares and the investors pay for the shares is recognized as a flow-through share related liability. This is reversed into the statement of loss, within other income, when the eligible expenditures are incurred. The amount recognized as flow-through share related liabilities represented the difference between the fair value of the common shares and the amount the investor pays for the shares.

The transition to IFRS has the following effect on the previously reported balances as follows:

(Expressed in Canadian Dollars)

Statement of Financial Position	**August 31, 2011 Canadian GAAP**	**Effect of IFRS Transition**	**August 31, 2011 IFRS**
Total Assets	1,561,516	-	1,561,216
Total Liabilities	44,532	-	44,532
Shareholders Equity			
Share capital	1,875,334	330,120	2,205,454
Contributed Surplus	209,225		209,225
Deficit	(567,575)	(330,120)	(897,695)
	1,516,984	-	1,516,984
Total Liabilities and Shareholders Equity	1,561,516	-	1,561,516

Statement of Financial Position	**February 29, 2012 Canadian GAAP**	**Effect of IFRS Transition**	**August 31, 2011 IFRS**
Total Assets	1,817,324	-	1,817,324
Total Liabilities	137,337	-	137,337
Shareholders Equity			
Share capital	2,091,484	330,120	2,421,604
Contributed Surplus	214,034		214,034
Deficit	(625,531)	(330,120)	(955,651)
	1,679,987	-	1,679,987
Total Liabilities and Shareholders Equity	1,817,324	-	1,817,324

		YEAR ENDED	
Statement of Operations, Comprehensive Loss and Deficit	**August 31, 2011 Canadian GAAP**	**Effect of IFRS Transition**	**August 31, 2011 IFRS**
Loss before income taxes	(629,767)		(629,767)
Income tax recovery	330,120	(330,120)	-
Net loss and comprehensive loss	(299,647)	(330,120)	(629,767)
Deficit - beginning of year	(267,928)		(267,928)
Deficit - end of year	(567,575)	(330,120)	(897,695)

(Expressed in Canadian Dollars)

	YEAR ENDED		
Statement of Cash Flows	**August 31, 2011 Canadian GAAP**	**Effect of IFRS Transition**	**August 31, 2011 IFRS**
Operating Activities			
Net loss for the year	(299,647)	(330,120)	(629,767)
Items not involving cash			
Stock based compensation	127,956	-	127,956
Future income tax recovery	(330,120)	330,120	-
Mineral property written off in year	405,236	-	405,236
	(96,575)	-	(96,575)
Changes in non-cash working capital items	(14,163)	-	(14,163)
	(110,738)	-	(110,738)
Investing Activities	(1,254,056)	-	(1,254,056)
Financing Activities	1,034,789	-	1,034,789
Change in Cash and Cash Equivalents	(330,005)	-	(330,005)
Cash and Cash Equivalents - beginning	466,746	-	466,746
Cash and Cash Equivalents - ending	136,741	-	136,741

11. COMMITMENT

The Company has entered into an agreement with IBK Capital Corp. ("IBK") to assist in completing a private placement for the Company of up to $2.6 million units of common shares and share purchase warrants. The Company has incurred $28,500 in non-refundable fees as a part of the agreement, which has been recognized as deferred financing costs. The Company is committed to paying IBK a commission of 9% of the total proceeds. As of February 29, 2012 no financing has been raised.

12. SUBSEQUENT EVENT

Subsequent to the period end the Company repaid the $65,000 Note payable to the Company's CEO (Note 6) plus accrued interest of $2,222.